

# FDIC State Profile

Winter 2004

## Wyoming

Wyoming's 1.8 percent job growth was 11th nationwide.

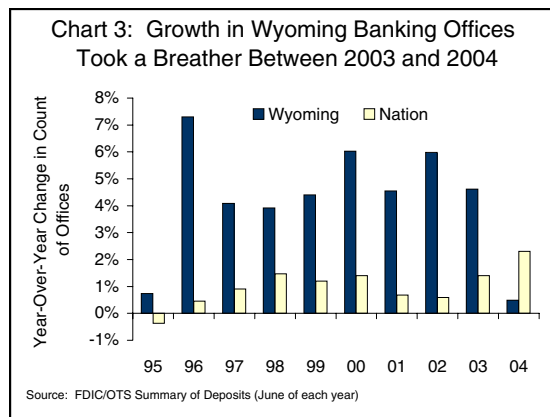
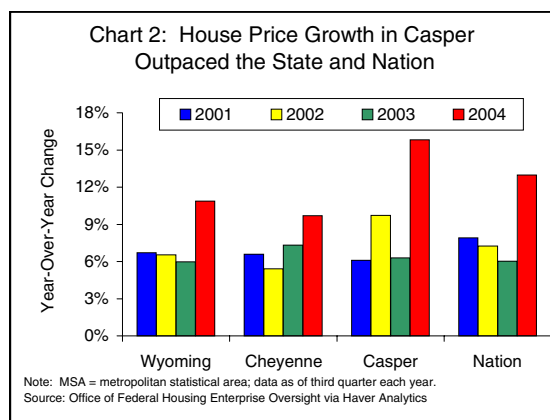
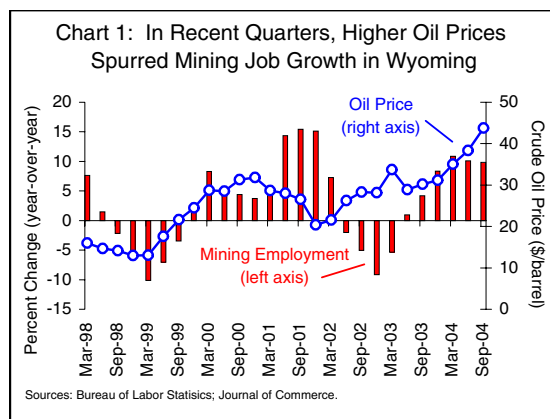
- High oil prices spurred growth in Wyoming's mining sector, which has added about 2,000 jobs since third quarter 2003 (See Chart 1). Most of the new mining jobs, which are among the highest paying in the state, were in support activities segments of the industry. According to the Wyoming Consensus Revenue Estimating Group, increased worldwide demand for oil and the strengthening economy bode well for Wyoming's mining industry.
- Strong energy prices translated into higher severance taxes<sup>1</sup> and added to Wyoming's General Fund in fiscal year 2004. In turn, tax revenues likely contributed to job growth in both the state and local government sectors, which employ 23 percent of the state's workforce. The health services sector also reported rapid growth during the period, adding over 1,000 jobs.

**House prices increased, but consumer sector risks remain.**

- Growth in Wyoming's House Price Index<sup>2</sup> accelerated to 10.9 percent year-over-year during third quarter 2004, but remained below the national rate of 13 percent. Home price gains in the **Casper** metropolitan area generally outpaced other parts of the state (See Chart 2).
- The state's per capita bankruptcy and foreclosure start rates declined in second quarter 2004 and remained low in relation to national levels.
- The median past-due 1-4 family mortgage ratio among Wyoming-based established institutions declined from 1.28 percent to 0.96 percent during the year ending September 30, 2004.<sup>3</sup> However, the median past-due consumer loan ratio crept up year-over-year from 1.41 percent to 1.60 percent.

**Cattle prices improved but drought and disease persisted.**

- Prices received for cattle and calves, which represent nearly three-fourths of Wyoming's farm receipts, remained



<sup>1</sup>Severance taxes account for about 25 percent of the state's general fund sources.

<sup>2</sup>Data from the Office of Federal Housing Enterprise Oversight.

<sup>3</sup>Established institutions include insured institutions open at least three years.

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near record levels in third quarter 2004, but ranchers faced smaller cattle inventories in 2004. The United States Department of Agriculture (USDA) expects cattle prices to remain strong through 2005, but higher energy prices may weigh on producers.

- During Summer 2004, Wyoming cattle tested positive for brucellosis. Consequently, interstate cattle trade originating in Wyoming may be subject to greater scrutiny. In addition, drought conditions persist in the state, particularly in the northeastern counties.
- Conditions in the farm sector are important to the 19 insured institutions based in Wyoming with agricultural loan-to-Tier 1 capital ratios of at least 100 percent. These lenders reported solid and improving financial performance. The median year-to-date pre-tax return on assets (ROA) for the group increased to 1.59 percent year-over-year, slightly better than similar banks nationwide. The group's median past-due loan ratio declined to 1.09 percent during the same period, outperforming the 1.72 percent national median.

### Deregulation drove branching activity in Wyoming.

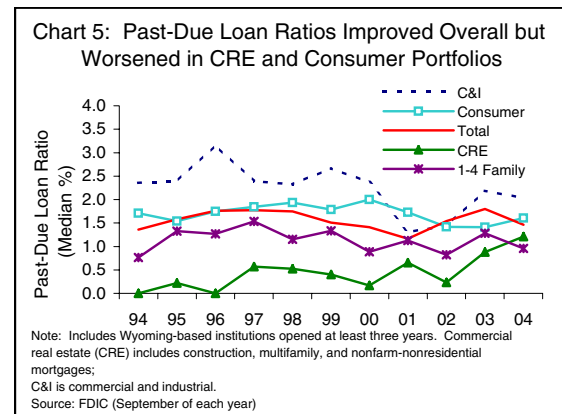
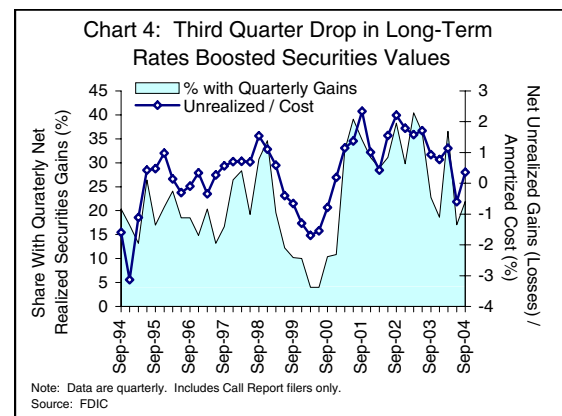
- Wyoming-based insured institutions added new offices at a compound annual growth rate of 4.2 percent (the second highest rate nationally) between 1994 and 2004. However, new branch activity decelerated sharply during the year ending June 2004 to a meager 0.5 percent (See Chart 3). The slowed pace of branch openings may reflect the return to a more normal branching rate which had boomed following the state's loosening of branching laws.
- Of the 69 banking offices opened in the past decade, nearly 22 percent were in the state's metropolitan areas, and more than half were in the state's micropolitan areas.<sup>4</sup> Some of these areas also experienced relatively significant increases in population. For instance, the Wyoming portion of the **Jackson** micropolitan area (**Teton County**) has attracted several wealthy residents and reported a 10-year population growth rate of 32 percent. Also, the **Gillette** micropolitan area benefited from the growing coal industry and reported a 19 percent population increase over the same period.

### Insured institutions reported sound earnings and asset quality.

- Although the median pre-tax ROA for established, Wyoming-based insured institutions declined year-over-year from 1.64 to 1.50 percent during the first nine months of 2004, it remained above national pretax

returns of 1.44 percent. Improved net interest margins and overhead ratios were offset by higher loss provision expense ratios and weaker fee income ratios.

- Roughly half of Wyoming-based commercial banks boosted year-to-date earnings with gains on the sale of securities. A decline in long-term interest rates during third quarter 2004 created additional, unrealized gains in bond values; however, increases in long-term interest rates could pressure securities portfolios and diminish gains-taking opportunities prospectively (See Chart 4). Interest rate trends bear watching as securities represented 22 percent of total assets among Wyoming-based institutions.
- The median past-due loan ratio among established institutions improved year-over-year to 1.47 percent as of September 30, 2004, slightly better than a nationwide median of 1.51 percent. Although credit quality improved overall, commercial real estate loan and consumer loan performance deteriorated year-over-year (See Chart 5).



<sup>4</sup>For purposes of this section, a metropolitan area includes one or more urbanized areas with at least 50,000 residents, while a micropolitan area contains one or more urban clusters of between 10,000 and 50,000 inhabitants.

## Wyoming at a Glance

<b>General Information</b>	<b>Sep-04</b>	<b>Sep-03</b>	<b>Sep-02</b>	<b>Sep-01</b>	<b>Sep-00</b>
Institutions (#)	44	47	50	50	52
Total Assets (in thousands)	5,522,206	7,590,646	7,505,399	8,549,535	7,646,019
New Institutions (# < 3 years)	1	1	1	1	1
New Institutions (# < 9 years)	4	4	4	3	3
<b>Capital</b>	<b>Sep-04</b>	<b>Sep-03</b>	<b>Sep-02</b>	<b>Sep-01</b>	<b>Sep-00</b>
Tier 1 Leverage (median)	8.99	8.72	8.65	8.60	8.81
<b>Asset Quality</b>	<b>Sep-04</b>	<b>Sep-03</b>	<b>Sep-02</b>	<b>Sep-01</b>	<b>Sep-00</b>
Past-Due and Nonaccrual (median %)	1.42%	1.75%	1.41%	1.15%	1.41%
Past-Due and Nonaccrual >= 5%	2	6	4	3	5
ALLL/Total Loans (median %)	1.18%	1.24%	1.24%	1.37%	1.43%
ALLL/Noncurrent Loans (median multiple)	1.33	1.59	2.39	2.59	2.27
Net Loan Losses/Loans (aggregate)	0.07%	0.11%	0.43%	0.66%	0.09%
<b>Earnings (Year-to-Date Annualized)</b>	<b>Sep-04</b>	<b>Sep-03</b>	<b>Sep-02</b>	<b>Sep-01</b>	<b>Sep-00</b>
Unprofitable Institutions (#)	1	0	1	2	2
Percent Unprofitable	2.27%	0.00%	2.00%	4.00%	3.85%
Return on Assets (median %)	1.25	1.37	1.56	1.34	1.35
25th Percentile	0.86	0.97	0.96	0.82	1.04
Net Interest Margin (median %)	4.28%	4.29%	4.62%	4.46%	4.68%
Yield on Earning Assets (median)	5.72%	5.83%	6.64%	7.88%	8.24%
Cost of Funding Earning Assets (median)	1.32%	1.57%	2.23%	3.59%	3.66%
Provisions to Avg. Assets (median)	0.13%	0.10%	0.10%	0.11%	0.10%
Noninterest Income to Avg. Assets (median)	0.47%	0.59%	0.55%	0.58%	0.57%
Overhead to Avg. Assets (median)	2.75%	2.83%	2.91%	2.85%	2.92%
<b>Liquidity/Sensitivity</b>	<b>Sep-04</b>	<b>Sep-03</b>	<b>Sep-02</b>	<b>Sep-01</b>	<b>Sep-00</b>
Loans to Deposits (median %)	75.48%	68.15%	69.23%	70.71%	70.72%
Loans to Assets (median %)	66.09%	59.44%	58.10%	61.75%	60.49%
Brokered Deposits (# of Institutions)	14	12	5	3	4
Bro. Deps./Assets (median for above inst.)	2.79%	2.21%	1.82%	4.07%	1.85%
Noncore Funding to Assets (median)	18.12%	16.35%	16.25%	17.46%	16.67%
Core Funding to Assets (median)	72.62%	72.37%	72.76%	71.72%	71.33%
<b>Bank Class</b>	<b>Sep-04</b>	<b>Sep-03</b>	<b>Sep-02</b>	<b>Sep-01</b>	<b>Sep-00</b>
State Nonmember	10	9	9	10	10
National	15	18	21	20	20
State Member	16	17	17	16	18
S&L	1	1	1	1	1
Savings Bank	2	2	2	3	3
Stock and Mutual SB	0	0	0	0	0
<b>MSA Distribution</b>	<b># of Inst.</b>	<b>Assets</b>	<b>% Inst.</b>	<b>% Assets</b>	
No MSA	37	4,904,918	84.09%	88.82%	
Cheyenne WY	6	267,607	13.64%	4.85%	
Casper WY	1	349,681	2.27%	6.33%	